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SUBJECT: USEU LABOR/SOCIAL AFFAIRS HIGHLIGHTS FIRST QUARTER
2004

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11. (SBU) Summary: This quarterly report provides readers with analysis, priorities, and outreach/meetings related to EU labor and social affairs January-March 2004. We examine EU efforts to recast its employment goals debate and EU concerns on the impact on enlargement on EU labor and social objectives. Key outreach, since ref a, include meetings with International Confederation of Free Trade Unions (ICFTU) head Guy Ryder on Iraq, with AFL-CIO international affairs head Barbara Shailor on transatlantic labor relations, and USEU participation in an European Social and Economic Committee (CESE) working group on improving transatlantic relations. USEU also attended a moving joint EU/European Jewish Congress (EJC) Conference on "Anti-Semitism in Europe." Looking ahead, we are interested in increased communication and cooperation among the ICFTU, the European Trade Union Confederation (ETUC) and the World Confederation of Labor (WCL). End Summary

Guiding debate from "firing" to "more" employment

12. (SBU) Commission labor market experts believe the EU-15 will fall short of meeting their intermediate 2005 Lisbon Process employment goals (notably getting more females, 55-64 year olders, and able-bodied workers into the labor market). As this is a politically sensitive topic, a top cabinet advisor to now-departed European Commissioner Diamantopoulou told us that the EU is finding it convenient to couch the debate as a "response" or a "wake-up call" to the November 2003 Kok Employment Taskforce report "Jobs, Jobs, Jobs" (a study funded and published by the EU but only "reflecting the opinion of the Taskforce). Our Commission interlocutor argued that this "outside" report gives the EU some room to maneuver by helping it recast the debate from the politically unpopular "hiring and firing" issue of the 90's to the more politically palatable need for EU member-states to get more workers into the workforce and out of the long-term unemployed, under-employed, or early retirees or what Commission likes to call the EU "full employment policy."

Enlargement: Social and Labor concerns

13. (SBU) Many of our Commission colleagues in DG-employment are noting with concern, that with the 10 new members entering May 1, overall EU unemployment will increase from about 8 percent to over 9 percent and that overall EU performance on meeting its Lisbon goals will be set back. For example, with older workers the Lisbon goal is to have 50 percent in the workforce by 2010; currently among the EU-15 slightly over 40 percent are in the work force; with enlargement, this number will drop to 39 percent. Similar backward steps are expected not only on the other employment goals but also on reducing the EU's poverty rate and the fight against "social exclusion." Of particular concern to DG-Employment is that they fear an increase in "social exclusion" and discrimination against the Roma. With the ten countries, the Commission estimates that the Roma population in the EU increases from about one million to an estimated 8 million making them the largest ethnic minority within the EU.

14. (SBU) There has been much recent media and political attention to the most outwardly dramatic impact of enlargement, the flow of workers from the new member-states to the current EU members (ref b). Ref B cited a recent Commission study suggesting that even without currently planned temporary restrictions by virtually all current member-states on labor mobility from the 10 new members, the maximum movement would have been about 220,000/year over the next year - not a huge impact in a population of 450 million workers. However, one DG-Employment official told us that what worries the Commission even more is the overall impact of enlargement on the EU total employment rate (defined as the percentage of the working age population with 70 percent being the Lisbon Process target). The Commission has estimated that enlargement will drop the EU-15 employment

rate from 64.3 percent (using a 2002 statistic) to an EU-25 rate of 62.4 percent -- the lowest rate of employment since 1998. The European Employers Group (UNICE) has calculated the rate of employment for the EU at 25 at 62.8 percent, slightly higher than the Commission but still the lowest since 1999.

Ongoing priorities

15. (SBU) Over the longer-term, we are following with interest ICFTU/ETUC "rapprochement" and some tentative cooperation between the ICFTU and Christian-Democrat World Confederation of Labor (WCL) -- two international trade unions that have been competing with each for decades. At the next ICFTU executive board meeting at the end of March, ICFTU relations with the WCL are likely to be discussed.

ICFTU concerns and challenge in Iraq

16. (SBU) After months of careful talks between the International Confederation of Free Trade Unions ICFTU and Arab trade leaders, the ICFTU -- nudged by the AFL-CIO and the UK Trade Union Congress (TUC) -- sent in a multinational trade union team into Iraq in February to assess the situation on the ground. ICFTU head Ryder told us that he sought to avoid having the ICFTU being seen as a "Western Imposition" and believed that it is necessary to have the support not only of Iraqi workers but also the trade union movements in nearby Arab countries. Complicating the ICFTU's efforts in Iraq is the fact that the old Ba'athist pro-Saddam trade union movement was never affiliated with the ICFTU; rather it was a member of the old Soviet-dominated World Federation of Trade Unions (WFTU). While the Ba'athists unionists remain tainted by their long history of supporting Saddam Hussein, they are an established and recognized labor union. How to deal with them, and newly emerging post-Saddam trade union movements, remains one of the ICFTU's biggest challenges.

CESE Review of Transatlantic Relations

17. (U) We note a recent increase in colloquia and thinktank activities in the last year focused on transatlantic relations. The European Social and Economic Committee (CESE) has created a working group to examine transatlantic relations and to come up with recommendations on how to improve them. Supported by the EU, CESE is made up of employer and worker representatives, i.e. the so-called "social partners," to examine all aspects of European Union activity (not just economic, labor, or social affairs). At CESE's invitation, we discussed transatlantic relations March 1 with them where we highlighted the importance of the New Transatlantic Agenda (NTA) in helping guide US/EU dialogue. One interesting aspect of the CESE study group has been its recognition that disagreements over political and security issues "spill over" and affect economic and social relations that are directly relevant to the more "bread and butter" priorities of the social partners.

AFL-CIO: Cooperating with European counterparts

18. (SBU) AFL-CIO international affairs Department head Barbara Shailor called on us March 2 to talk about AFL-CIO relations with the ETUC and the ICFTU. She said that AFL-CIO is very pleased with ICFTU's performance under SYG Ryder. She noted that for the first time in years, the AFL-CIO is working well with the European Trade Union Confederation (ETUC); the new ETUC president, John Monks, (former head of the UK Trade Union Confederation - TUC) is also a long-standing close friend of AFL-CIO President Sweeney. Shailor was also interested in being briefed on transatlantic relations after Iraq and during the Irish Presidency. On her mind was the possibility of resurrecting the now largely dormant transatlantic labor dialogue (TALD). While she wondered what might benefit from putting greater ETUC/AFL-CIO cooperation in the TALD framework, she did take the point that there is a great deal of interest in reexamining transatlantic relations to see if they might be better and that the labor movements, like the business sector or consumers, might have a greater role to play.

Canadian Labor Ministry's EU Priorities

19. (SBU) We met with Thomas Townsend, Health and Social Affairs Counselor, for the Canadian Mission to the EU. He spends most of his time analyzing EU labor market and employment trends for the Canadian Ministry of Labor (his home office). His highest reporting priority is EU efforts to meet its Lisbon Process goals, particularly in the Employment area. Even though his home Ministry lacks the kind of memorandum of understanding that the US Department of Labor has with DG-Employment, the EU and Canada try to do two

educational exchange programs per year on topics of mutual interest. This spring, Canada and the EU will do a "Roundtable on Labor Market Employment." (Townsend, who is new to Brussels, expressed his personal amazement by the amount of time he spent with his EC colleagues over whether to call the event a seminar, a workshop, or a roundtable.) The major topics to be covered are likely to be the three main Lisbon Process employment targets.

SEIU Courtesy Call

10. (U) Taking a break from their public relations efforts to enlist support from the ETUC and European Parliament (EP) for their campaign against Group 4 Falck and its US subsidiary, Wackenhut, Service Employers International Union (SEIU, the largest union in the AFL-CIO) International President Andrew Stern and International Secretary-Treasurer Anna Burger paid a call on USEU to introduce themselves. They noted their efforts with the EP have found some resonance as the Group 4 Falck is the EP security contractor. At their request, we reviewed US/EU labor cooperation on the role of the disabled in the workplace as well as US/EU relations writ large.

EU/EJC Anti-Semitism Conference

11. (U) USEU attended the February 19 EU/EJC Conference on Anti-Semitism in Europe. A virtual consensus emerged that there is a "European dimension" to anti-Semitism and that it is not only a member-state problem. Given this, there was also general agreement that "Europe" has to respond to it on a Europe-wide basis. Another important and related "breakthrough" of sorts was a clear recognition that the debate of whether anti-Semitism exists in Europe is over; one participant dramatically said the February 19 conference "marks the end of denial in Europe of anti-Semitism." Speakers included EC President Prodi, German FM Fischer, EJC head Benatoff, and writer Elie Wiesel. We reviewed the conference with an EU Council Secretariat human rights experts who told us that the next big step in this dialogue on anti-Semitism will be the special OSCE session in Berlin -- an event that Fischer said Germany was proud to host.

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